

**HOUSE INSURANCE COMMITTEE
RESPONSE TO FORMAL REQUEST FOR INFORMATION**

INTERIM CHARGE COVID-19-#3 BUSINESS INTERRUPTION COVERAGE

**WRITTEN SUBMISSIONS FROM:
THE ASSOCIATION OF FIRE AND CASUALTY COMPANIES OF TEXAS (AFACT)**

Background on AFACT. AFACT is a trade association that provides advocacy and input on legislative and regulatory insurance issues important to the State of Texas. AFACT has been in business over 70 years and only operates in Texas. Some but not all AFACT members write commercial property insurance or farm and ranch owners insurance that may include coverage for business interruption insurance. Business interruption is typically a property coverage for commercial business.

The Department may have more information on claims filed. AFACT members report that they have received a small number of business interruption claims filed as a result of the pandemic and government ordered shutdowns. None of the claims would be covered unless there was a physical loss to the property. Most policies also had bacteria/virus exclusion that excluded coverage for damage to property.

AFACT and other trade associations have previously provided two memos to members of the Committee and Legislature on business interruption coverage. A copy is attached to this submission.

For questions or additional information, please contact:

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